

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
W. R. GRACE & CO., et al., ¹)	Case No. 01-01139 (JKF)
)	(Jointly Administered)
)	
Debtors.)	Objection Deadline : October 27, 2004, at 4:00 p.m. (prevailing eastern time)

**SUMMARY APPLICATION OF KIRKLAND & ELLIS LLP FOR COMPENSATION
FOR SERVICES AND REIMBURSEMENT OF EXPENSES AS BANKRUPTCY
COUNSEL TO W. R. GRACE & CO., ET AL., FOR THE SECOND MONTHLY
INTERIM PERIOD, FROM AUGUST 1, 2004, THROUGH AUGUST 31, 2004,
FOR THE QUARTER OF JULY – SEPTEMBER, 2004**

Name of Applicant:	<u>Kirkland & Ellis LLP (“K&E”)</u>
Authorized to Provide Professional Services to:	<u>W. R. Grace & Co., et al., Debtors and Debtors-in-Possession</u>
Date of Retention:	<u>Retention Order entered May 3, 2001, effective as of April 2, 2001</u>
Period for which compensation and reimbursement is sought:	<u>August 1, 2004, through August 31, 2004</u>
Amount of Compensation sought as actual, reasonable and necessary:	<u>\$793,285.00</u>
Amount of Expense Reimbursement sought as actual, reasonable and necessary:	<u>\$45,729.42</u>
This is a <u>X</u> monthly ___ interim ___ final application.	

¹ The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc.), E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

The total time expended for the preparation of this application is approximately **35 hours**, and the corresponding estimated compensation *that will be requested in a future application* is approximately **\$10,000.00**.

This is the second monthly application for interim compensation of services for the July – September 2004 quarter that the Debtors have filed with the Bankruptcy Court in the Chapter 11 Cases. The following applications have been filed previously in the Chapter 11 Cases:

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
May 29, 2001	4/2 – 4/30/01	\$626,079.00	\$32,439.84	Interim approval ²	Interim approval
June 29, 2001	5/1 – 5/31/01	\$567,151.00	\$77,487.86	Interim approval	Interim approval
July 31, 2001	6/1 – 6/30/01	\$560,569.50	\$45,466.13	Interim approval	Interim approval
July 31, 2001	April – June, 2001	\$1,753,799.50	\$155,393.83	\$1,753,799.50	\$155,393.83
August 28, 2001	7/1 – 7/31/01	\$476,582.50	\$25,312.13	Interim approval ²	Interim approval
September 28, 2001	8/1 – 8/31/01	\$472,334.50	\$29,022.59	Interim approval	Interim approval
October 30, 2001	9/1 – 9/30/01	\$443,617.50	\$27,147.47	Interim approval	Interim approval
November 7, 2001	July – September, 2001	\$1,392,534.50	\$81,482.19	\$1,392,534.50	\$81,482.19
December 11, 2001	10/1 – 10/31/01	\$493,074.00	\$27,724.54	Interim approval ²	Interim approval
December 29, 2001	11/1 – 11/30/01	\$524,980.00	\$29,678.21	Interim approval	Interim approval
January 31, 2002	12/1 – 12/31/01	\$405,278.50	\$27,276.95	Interim approval	Interim approval
February 7, 2002	October – December, 2001	\$1,423,332.50	\$84,679.70	\$1,419,127.00	\$84,679.70
March 4, 2002	1/1 – 1/31/02	\$439,056.00	\$32,279.54	Interim approval ³	Interim approval
March 27, 2002	2/1 – 2/28/02	\$412,304.00	\$18,475.64	Interim approval	Interim approval
May 2, 2002	3/1 – 3/31/02	\$430,342.50	\$51,759.20	Interim approval	Interim approval
June 10, 2002	January – March, 2002	\$1,281,702.50	\$102,514.38	\$1,281,702.50	\$101,656.38
June 10, 2002	4/1 – 4/30/02	\$410,702.50	\$25,286.05	Interim approval ⁴	Interim approval
July 2, 2002	5/1 – 5/31/02	\$335,280.50	\$25,556.83	Interim approval	Interim approval
August 8, 2002	6/1 – 6/30/02	\$243,127.00	\$16,326.36	Interim approval	Interim approval
September 3, 2002	April – June, 2002	\$989,110.00	\$67,169.24	\$981,666.50	\$67,169.24

² The fees and expenses requested in the April-June, 2001, July-September, 2001 and October-December, 2001, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on November 29, 2002.

³ The fees and expenses requested in the January-March, 2002, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on October 9, 2002.

⁴ The fees and expenses requested in the April-June, 2002, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on November 29, 2002.

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
September 11, 2002	7/1 – 7/31/02	\$335,129.00	\$28,504.48	Interim approval ⁵	Interim approval
October 2, 2002	8/1 – 8/31/02	\$344,619.00	\$86,047.20	Interim approval	Interim approval
October 30, 2002	9/1 – 9/30-02	\$238,876.50	\$20,882.49	Interim approval	Interim approval
November 27, 2002	July – September, 2002	\$918,624.50	\$135,434.17	\$918,624.50	\$134,478.90
December 6, 2002	10/1 – 10/31/02	\$207,778.00	\$7,769.74	Interim approval ⁶	Interim approval
January 13, 2003	11/1 – 11/30/02	\$122,419.00	\$4,732.30	Interim approval	Interim approval
January 30, 2003	12/1 – 12/31/02	\$129,243.50	\$6,093.80	Interim approval	Interim approval
March 4, 2003	October – December, 2002	\$459,440.50	\$18,595.84	\$459,440.50	\$18,467.74
March 4, 2003	1/1 – 1/31/03	\$162,033.00	\$6,383.16	Interim approval ⁷	Interim approval
April 2, 2003	2/1 – 2/28/03	\$215,511.50	\$3,784.70	Interim approval	Interim approval
April 29, 2003	3/1 – 3/31/03	\$146,603.00	\$6,713.84	Interim approval	Interim approval
May 15, 2003	January – March, 2003	\$524,147.50	\$16,881.70	\$524,045.50	\$16,881.70
June 3, 2003	4/1 – 4/30/03	\$135,130.00	\$2,786.42	Interim approval ⁸	Interim approval
July 11, 2003	5/1 – 5/31/03	\$109,408.00	\$6,546.04	Interim approval	Interim approval
July 31, 2003	6/1 – 6/30/03	\$115,099.00	\$1,925.86	Interim approval	Interim approval
August 27, 2003	April – June, 2003	\$359,637.00	\$11,258.32	\$357,346.00	\$11,183.48
September 5, 2003	7/1 – 7/31/03	\$197,495.50	\$9,235.33	Interim approval ⁹	Interim approval
October 1, 2003	8/1 – 8/31/03	\$178,910.50	\$7,009.66	Interim approval	Interim approval
November 6, 2003	9/1 – 9/30/03	\$157,200.00	\$3,817.57	Interim approval	Interim approval
November 18, 2003	July – September, 2003	\$533,606.00	\$20,062.56	\$533,606.00	\$20,062.56
November 26, 2003	10/1 – 10/31/03	\$251,093.50	\$7,115.96	Interim approval ¹⁰	Interim approval
December 29, 2003	11/1 – 11/30/03	\$187,914.00	\$4,969.88	Interim approval	Interim approval
February 2, 2004	12/1 - 12/31/03	\$317,880.00	\$8,631.60	Interim approval	Interim approval
February 25, 2004	October – December, 2003	\$756,887.50	\$20,717.44	\$756,838.00	\$20,717.44
March 5, 2004	1/1 – 1/31/04	\$524,446.00	\$32,428.07	Interim approval ¹¹	Interim approval
April 2, 2004	2/1 – 2/29/04	\$274,589.50	\$10,852.51	Interim approval	Interim approval
May 3, 2004	3/1 – 3/31/04	\$337,945.00	\$13,159.10	Interim approval	Interim approval
May 17, 2004	January – March, 2004	\$1,136,980.50	\$56,439.68	\$1,134,755.00	\$56,439.68

⁵ The fees and expenses requested in the July-September, 2002, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on March 14, 2003.

⁶ The fees and expenses requested in the October-December, 2002, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on July 28, 2003.

⁷ The fees and expenses requested in the January-March, 2003, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on September 22, 2003.

⁸ The fees and expenses requested in the April-June, 2003, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on December 15, 2003.

⁹ The fees and expenses requested in the July-September, 2003, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on April 26, 2004.

¹⁰ The fees and expenses requested in the October-December, 2003, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on June 16, 2004.

¹¹ The fees and expenses requested in the January-March, 2004, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on September 27, 2004.

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
June 1, 2004	4/1 – 4/30/04	\$280,547.50	\$10,895.93	\$224,438.00	\$10,895.93
July 1, 2004	5/1 – 5/31/04	\$213,906.00	\$9,502.49	\$171,124.80	\$9,502.49
September 2, 2004	6/1 – 6/30/04	\$430,246.50	\$15,235.72	\$344,197.20	\$15,235.72
October 6, 2004	April – June, 2004	\$924,700.00	\$35,634.14	Pending	Pending
September 17, 2004	7/1 – 7/31/04	\$599,563.50	\$27,869.76	Pending	Pending

K&E has filed certificates of no objection with respect to the interim Monthly Applications for April 2001 through June 2004, respectively, because no objections were filed within the respective objection periods. As of the filing of this Application, the objection deadline for the July 2004 Application had not yet expired. The Quarterly Applications for the interim periods from (i) April 2, 2001, through June 31, 2001, (ii) July 1, 2001, through September 30, 2001, (iii) October 1, 2001, through December 31, 2001, and (iv) April 1, 2002, through June 30, 2002, were heard on November 25, 2002, and orders were entered November 29, 2002, granting interim compensation and reimbursement of expenses requested in the first-third and fifth Quarterly Applications. The Quarterly Application for the interim period from January 1, 2002, through March 31, 2002, was heard on August 26, 2002, and an order was entered on October 9, 2002, granting interim compensation and reimbursement of expenses requested in the fourth Quarterly Application. An order was entered on March 14, 2003, granting interim compensation and reimbursement of expenses requested in the sixth Quarterly Application for the interim period July 1, 2002, through September 30, 2002. The Quarterly Application for the interim period from October 1, 2002, through December 31, 2002, was heard on June 17, 2003, and an order was entered on July 28, 2003, granting interim compensation and reimbursement of expenses requested in the seventh Quarterly Application. The Quarterly Application for the interim period from January 1, 2003, through March 31, 2003, was heard on September 22, 2003 and an order was entered on September 22, 2003 granting interim compensation and reimbursement of expenses requested in the eighth Quarterly Application. The Quarterly Application for the interim period from April 1, 2003, through June 30, 2003, was

heard on December 15, 2003 and an order was entered on December 15, 2003¹² granting interim compensation and reimbursement of expenses requested in the ninth Quarterly Application. The hearing for the Quarterly Application for the interim period from July 1, 2003 through September 30, 2003, was heard on March 22, 2004 and an order was entered on April 26, 2004 granting interim compensation and reimbursement of expenses requested in the tenth Quarterly Application. An order was entered on June 16, 2004, granting interim compensation and reimbursement of expenses requested in the eleventh Quarterly Application for the interim period October 1, 2003, through December 31, 2003. The hearing for the Quarterly Application for the interim period January 1, 2004, through March 31, 2004, was heard on September 27, 2004 and an order was entered on September 27, 2004 granting interim compensation and reimbursement of expenses requested in the twelfth Quarterly Application. The hearing for the Quarterly Application for the interim period April 1, 2004, through June 30, 2004, has been scheduled for December 20, 2004, in Pittsburgh, PA.

The K&E attorneys who rendered professional services in these cases during the Fee Period are:

Name of Professional Person	Position with the Applicant and Year Admitted	Department	Hourly Billing Rate	Total Billed Hours	Total Compensation
Matthew J Antinossi	Associate 1999	Employee Benefits	\$395.00	8.30	\$3,278.50
Janet S Baer	Partner 1982	Bankruptcy	\$655.00	83.40	\$54,627.00
Ryan B Bennett	Associate 2000	Bankruptcy	\$405.00	193.60	\$78,408.00
Samuel Blatnick	Associate 2002	Bankruptcy	\$360.00	191.50	\$68,940.00
Deanna D Boll	Associate 1998	Bankruptcy	\$485.00	26.50	\$12,852.50
Michelle H Browdy	Partner 1990	Litigation	\$480.00	7.10	\$3,408.00
Lisa G Esayian	Partner 1991	Litigation	\$460.00	71.00	\$32,660.00
Theodore L Freedman	Partner 1972	Bankruptcy	\$695.00	62.80	\$43,646.00
Jonathan Friedland	Partner 1994	Bankruptcy	\$530.00	124.40	\$65,932.00
Mark E Grummer	Partner 1976	Environmental	\$495.00	4.60	\$2,277.00
Vicki V Hood	Partner 1977	Employee Benefits	\$645.00	3.50	\$2,257.50
James W Kapp	Partner 1994	Bankruptcy	\$545.00	3.90	\$2,125.50

¹² An amended order correcting certain information on the Exhibit was entered on December 19, 2003.

Name of Professional Person	Position with the Applicant and Year Admitted	Department	Hourly Billing Rate	Total Billed Hours	Total Compensation
Natalie H Keller	Partner 1997	Taxation	\$490.00	1.60	\$784.00
Sharon M Kopman	Associate 1993	Bankruptcy	\$485.00	2.80	\$1,358.00
Christopher Landau	Partner 1989	Litigation	\$545.00	11.60	\$6,322.00
Elli Leibenstein	Partner 1992	Litigation	\$460.00	32.50	\$14,950.00
Tyler D Mace	Associate 2003	Litigation	\$285.00	27.10	\$7,723.50
Todd F Maynes, P.C.	Partner 1987	Taxation	\$665.00	35.00	\$23,275.00
Scott A McMillin	Partner 1996	Litigation	\$425.00	3.90	\$1,657.50
Jon C Nuckles	Contract Attorney 1986	Bankruptcy	\$270.00	166.70	\$45,009.00
Andrew R Running	Partner 1982	Litigation	\$525.00	4.10	\$2,152.50
Rachel Schulman	Of Counsel 1989	Bankruptcy	\$485.00	35.10	\$17,023.50
Pratibha J Shenoy	Associate 2001	Taxation	\$385.00	39.20	\$15,092.00
Lori Sinanyan	Associate 2000	Bankruptcy	\$440.00	146.80	\$64,592.00
Jacqueline H Sloan	Associate 1995	Bankruptcy	\$440.00	87.10	\$38,324.00
Bennett L Spiegel	Partner 1984	Bankruptcy	\$685.00	128.50	\$88,022.50
Laurence A Urgenson	Partner 1975	Litigation	\$600.00	18.30	\$10,980.00
Total for Attorneys:				1,520.90	\$707,677.50

The paraprofessionals of K&E who rendered professional services in these cases during the Fee Period are:

Name of Professional Person	Position with the Applicant and Number of Years as a Paraprofessional	Department	Hourly Billing Rate	Total Billed Hours	Total Compensation
Amy M Balkema	Legal Assistant 2 Years	Litigation	\$145.00	10.50	\$1,522.50
Matthew Buckley	Law Clerk 3 Months	Litigation	\$175.00	48.60	\$8,505.00
Michael C Engelbrecht	Project Assistant 3 Months	Litigation	\$120.00	13.00	\$1,560.00
Sorah Kim	Project Assistant 1 Year	Litigation	\$130.00	53.00	\$6,890.00
Rhonda Lopera	Legal Assistant 13 Years	Bankruptcy	\$210.00	98.00	\$20,580.00
Jane B Mackie	Project Assistant 2 Months	Bankruptcy	\$120.00	64.00	\$7,680.00
Tracy J McCollom	Project Assistant 1 Year	Bankruptcy	\$130.00	130.80	\$17,004.00
Shirley A Pope	Legal Assistant 19 Years	Litigation	\$210.00	48.30	\$10,143.00
Toni L Wallace	Legal Assistant 3 Years	Bankruptcy	\$190.00	9.70	\$1,843.00
Tiffany J Wood	Project Assistant 1 Year	Bankruptcy	\$130.00	76.00	\$9,880.00
Total for Paraprofessionals:				551.90	\$85,607.50

Grand Total for Fees: **\$793,285.00**
Blended Rate: **\$382.71**

Compensation by Matter

Matter Number	Matter Description	Total Hours	Total Fees Requested
19	Claims Analysis Objection & Resolution (Non-Asbestos)	89.10	\$36,836.00
20	Case Administration	237.90	\$37,367.50
21	Claims Analysis Objection & Resolution (Asbestos)	157.60	\$71,131.00
23	Business Operations	37.30	\$15,198.00
28	Litigation and Litigation Consulting	358.90	\$131,473.50
30	Hearings	17.80	\$9,446.50
32	Fee Applications, Applicant	13.20	\$3,103.00
35	Fee Applications Others	3.20	\$1,152.00
37	Plan and Disclosure Statement	1,066.40	\$439,608.00
38	Employment Applications, Others	3.40	\$1,607.50
41	Tax Issues	57.30	\$30,376.50
42	Travel non-working	12.20	\$7,211.00
46	Tax Litigation	18.50	\$8,774.50
	Total	2,072.80	\$793,285.00

Expense Summary

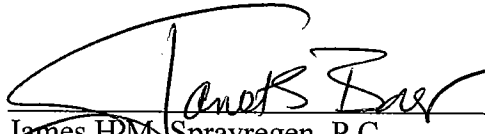
Description	Amount
Telephone	\$677.26
Fax Charge	\$135.35
Standard Copies	\$4,912.95
Binding	\$17.50
Tabs/Indexes/Dividers	\$3.70
Color Copies	\$1,284.00
Bates Labels/Print	\$2.22
Scanned Images	\$1,014.30
CD-ROM Duplicates	\$75.00
Postage	\$0.74
Overnight Delivery	\$664.61
Outside Messenger Services	\$212.17
Local Transportation	\$10.00
Travel Expense	\$2,896.72
Airfare	\$8,035.49
Transportation to/from airport	\$803.52
Travel Meals	\$558.44
Car Rental	\$129.82
Other Travel Expenses	\$98.00
Court Reporter Fee/Deposition	\$547.06
Other Court Costs and Fees	\$206.50
Outside Copy/Binding Services	\$10,601.51
Working Meals/K&E Only	\$11.50
Working Meals/K&E and Others	\$2,610.57
Information Broker Doc/Svcs	\$1,121.60
Computer Database Research	\$4,894.09
Overtime Transportation	\$599.06
Overtime Meals	\$36.00
Overtime Meals - Attorney	\$1,106.59
Secretarial Overtime	\$399.94
Word Processing Overtime	\$1,503.21
Miscellaneous Expenses	\$560.00
Total:	\$45,729.42

WHEREFORE, K&E respectfully requests (a) that an allowance be made to it, as fully described above for the (i) 80% of the amount of **\$793,285.00** for reasonable and necessary professional services K&E has rendered to the Debtors during the Fee Period (**\$634,628.00**) and (ii) 100% of the reimbursement of actual and necessary costs and expenses incurred by K&E during the Fee Period (**\$45,729.42**); (b) that both fees and expenses are payable as administrative expenses of the Debtors' estates; and (c) that this Court grant such further relief as is equitable and just.

Wilmington, Delaware
Dated: October 7, 2004

Respectfully submitted,

KIRKLAND & ELLIS LLP

A handwritten signature in black ink, appearing to read "Janet S. Baer", is written over a horizontal line.

James H.M. Sprayregen, P.C.

Janet S. Baer

James W. Kapp III

Samuel L. Blatnick

200 East Randolph Drive

Chicago, Illinois 60601

(312) 861-2000